EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

June 29, 1951

CIRCULAR NO. A-8
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Agency responsibilities under the President's Management Program

This revision of Circular No. A-8 replaces and rescinds Circular No. A-8, dated January 31, 1950. Supplement No. 1 of Circular No. A-8 remains in effect. The wording of the revised Circular has been simplified. The responsibility of department and agency heads to carry out systematic reviews as a part of their regular management process has been given greater emphasis. The reporting requirements have been reduced under the revised Circular. Annual reports on the operation of management improvement plans, and the schedule of improvement action for the budget year are no longer required. The revised Circular still requires summary reports of improvement actions taken during the past year and of major areas of potential improvement selected for emphasis during the current year.

1. Purpose. The President by Executive Order 10072, dated July 29, 1949, and the Congress by Title X of the Classification Act of 1949 (Public Law 429, 81st Congress) have directed that each department and agency head systematically review the effectiveness of his agency's programs and the economy of its operations.

Emphasis on strengthening agency management is one phase of the President's Management Program. The objectives of this program are to carry out Federal responsibilities more effectively at less cost to the taxpayer and to make easier congressional and public control of Federal programs and expenditures. To achieve those objectives the President's Management Program provides for three types of action; (1) action to improve the organization of the executive branch and to clarify responsibilities; (2) action to improve Government-wide activities, such as budgeting, fiscal, personnel and property management; and (3) action to strengthen agency management practices and provide for continuous review and improvement of Federal programs and operations.

This Circular describes the responsibilities of department and agency heads under Executive Order 10072 and Title X, provides general guides for carrying out those responsibilities, and describes pertinent relationships between agencies and the Bureau of the Budget.

Instructions for the use of employee awards, including awards authorized by Title X of Public Law 429, 81st Congress, are provided in Supplement No. 1 of this Circular.

2. Objectives of systematic review. The Executive Order and Title X are aimed at achieving continuous improvement of Federal programs and operations through systematic review and appraisal by the officials who are responsible for carrying out those programs. The objectives of this systematic review are:

a. To determine program effectiveness, i.e.,

(1) The extent to which long- and short-range objectives and program goals of the agency are clearly defined for the guidance of operations, are consistent with the intent of the Congress and the program of the President, and are suited to current circumstances.

(2) The degree to which objectives and program goals are being met.

b. To determine the efficiency and economy of operations, including an appraisal of organization, procedures and staffing at each level.

c. To plan and take improvement action by:

(1) Identifying opportunities for improvement in programs and operations.

(2) Determining priority of improvement actions in terms of potential economies or better service to the public.

(3) Setting time schedules and assigning responsibility and staff to take necessary action in areas selected for priority attention.

d. To encourage employee participation in management improvement by identifying, for purposes of recognition and awards, those employees or organization units which have made outstanding contributions to efficiency and economy of operations.

3. Agency responsibilities for systematic review.

a. Department and agency heads. Each department and agency head is accountable to the President and the Congress for appraising the effectiveness of programs and the efficiency and economy of operations in his department or agency. More specifically, each department and agency head is responsible (1) for seeing that an over-all, integrated review system, geared to his own requirements as top executive, is developed in his agency; (2) for taking action to achieve potential improvements revealed by systematic review; and (3) for seeing that subordinate officials develop effective management practices consistent with the over-all system and that they take appropriate improvement action for activities under their jurisdiction.

b. Heads of constituent bureaus or agencies. Subordinate officials are accountable to department and agency heads in the same terms as above for their respective areas of responsibility. They are also responsible for assuring full participation by employees at all levels in increasing the effectiveness of programs and the economy of operations.

4. Methods of systematic review.

a. Use of existing processes. Systematic reviews as required by the Executive Order and Title X will normally be carried out through the regular processes used by the agency for the direction and conduct of agency activities. Effective management encompasses all necessary arrangements for orderly review, appraisal and improvement of agency activities and thus should provide the framework for systematic review as outlined in this Circular. The agency head should review the management of his agency to assure himself that the objectives of systematic review as outlined in section 2 of this Circular are being accomplished.

b. Requirements of an effective review system. An effective review system must be conditioned by the specific situation in which it operates. Therefore management review processes, devices, or arrangements may vary with types of programs, nature of operations, and levels of organization.

The review system at each organization level should provide for appropriate and balanced use of continuing staff analysis; normal supervisory processes, such as staff meetings, conferences, and observation and inspection of work; reports of program progress and the cost, quantity and quality of work performed; periodic or special surveys; and evaluation of programs and operations in the development of annual work programs and budget estimates.

The effectiveness of reviews is increased by development of performance standards covering cost, quality and quantity of production where possible. As a minimum, the review system should provide a means for comparing actual performance with projections which provide the basis for work programs and budget estimates.

For department or agency heads and bureau directors, the review system should focus on (1) analysis, direction and review of policies and programs; (2) evaluation of program progress against predetermined goals, past performance or other standards; (3) identification and solution of problems in program coordination, organization, utilization of resources and outside relationships; (4) determination of efficiency and economy; and (5) evaluation of the effectiveness of subordinates in key positions, including review of means by which subordinate officials assure efficient and economical operations.

For subordinate line officials and supervisors, the review system should focus on (1) measurement and evaluation of progress in operations; (2) determination of accomplishments of individuals or organization units; (3) determination of cost, quality, and quantity of specific work; and (4) evaluation of procedures, staffing, and other requirements for operation.

5. Responsibilities of the Bureau of the Budget.

a. Executive Order 10072 directs the Bureau of the Budget to review department and agency plans for management improvement, to advise and assist the agencies in working out programs to improve their operations, to make appropriate arrangements for handling problems of an interagency nature, and to report to the President on the progress and results of agency management improvement efforts. Title X directs the Bureau to maintain control of the program set forth in that Title and to make annual reports to the Congress concerning results.

b. The Bureau of the Budget carries out its responsibilities under the Executive Order and Title X by (1) issuing guides to assist the agencies in developing effective review systems; (2) evaluating agency review systems and the adequacy of actions under way to achieve potential improvements identified through systematic review; (3) maintaining working relationships with the agencies to assist agency officials on a day-to-day basis in improving the general effectiveness of management; and (4) submitting reports as required.

The evaluation of agency review systems and management improvement action is based on (1) personal observation and analysis in the agencies, (2) written statements from the agencies describing their plans for making systematic reviews, and (3) annual reports submitted by the agencies to the Bureau of the Budget, and (4) discussion of agency programs for management improvement at budget hearings and at other appropriate times.

6. Agency reports.

a. Submission of statements describing agency review systems. Initial statements describing the agency plans for making systematic reviews were submitted to the Bureau of the Budget in accordance with Circular No. A-8, dated January 31, 1950. Federal agencies established since January 31, 1950 should submit a statement of their plans for making systematic reviews to the Bureau of the Budget as soon as feasible after their establishment. This statement should contain a section for the agency as a whole and separate sections for each bureau or major constituent unit. Each section should describe the methods to be followed by the agency in (1) accomplishing systematic reviews of operation to determine the degree of efficiency and economy, (2) identifying opportunities for improvement and scheduling action to achieve improvements, and (3) identifying units that are outstanding and supervisors and employees who make outstanding contributions to efficiency and economy.

b. Submission of annual reports under Executive Order 10072 and Title X. Each agency shall submit an annual report, in triplicate, on its management improvement program to the Bureau of the Budget by September 15. This report should contain a summary section for the agency as a whole and separate sections for each bureau or major constituent unit.

The summary section of the report, dealing with the agency as a whole, should present the highlights of action taken during the past year to solve major program and operating problems, including highlights of action taken by bureaus or major constituent units as well as action taken at the department or agency level. Major areas of potential improvement selected for emphasis during the current year within the department or agency should also be indicated.

The sections of the report for each bureau or major constituent unit should present the highlights of action taken during the past year to solve major program and operation problems. Major areas of potential improvement selected for emphasis during the current year should also be indicated.

If major management problems have been identified which are beyond the authority of the department or agency to solve, these should be summarized briefly. Recommendations for action, including proposed legislation, may be included if desired.

The reports should take into account the requirements of Circular No. A-44, Conservation and utilization of manpower in the Federal Government, issued jointly with the Civil Service Commission.

c. Submission of reports on awards. Instructions for reporting on awards under Section 1002 of Title X, Public Law 429, are contained in Supplement No. 1 of this Circular.

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Director

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